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BRITISH LOCAL FINANCE.

PART I.

ENGLAND AND WALES.

CHAPTER I. *Historical Introduction.*

THE history of English local finance yet remains to be written, Mr. Dowell's admirable *History of Taxation and Taxes* being confined to the impositions of the central government for national and imperial purposes. Without attempting an exhaustive survey, a brief historical sketch may be found useful in this place.

Local taxation, like local government and many other English institutions, had its beginnings in Saxon times. The privileges of the burgesses of the numerous boroughs of the later Saxon and early Norman reigns were conditional upon the paying of scot and the bearing of lot.¹ "Scot" appears to have been the local tax of the place, afterwards known as town ley, and still later as the "constable's tax"; "lot" was the personal service of various kinds, civil and military, required of the free inhabitants. The inhabitants of most of the boroughs were tenants of the royal demesne, and in the twelfth and thirteenth centuries, collectively in each borough, paid an annual fee-farm rent to the king, known as *firma burgi*, or *auxilium burgi*.² This burden was apportioned among the burgesses by self-assessment, and no doubt formed part of the local scot or tax. Another of the purposes to which the tax was applied was the payment of the fines for offenses, imposed under the system of "pledges" by the local community for the good behavior of the individuals composing it.³ It was doubt-

¹ Merewether and Stephens, *History of Boroughs*, introd. p. 13 and pp. 65, 271-2, etc. The tax levied by the commissioners of sewers is called a "scot" to this day. See *post*, pp. 79, 80, 90, 91.

² Dowell, *History of Taxation*, vol. i, pp. 16 and 49.

³ Merewether and Stephens, pp. 273-4.

less also used for raising such funds as were required for the maintenance of highways, bridges, embankments, water-courses, town walls and, later on, the "wages" of members of Parliament. Outside the boroughs, these expenses were defrayed by a threefold system of town rates, hundred rates and county rates, applicable respectively to the townships, hundreds and counties.¹ The town ley or rate, however, was imposed not only for township purposes, but also to furnish the township quotas of the hundred and county rates and, not unfrequently, of the national taxation. For several centuries the mode of assessing the individuals within the township for contribution to the old town rate was regulated solely by custom, no statute for the purpose having been enacted until 1662.² But there is good reason for believing that the standards of ratability adopted for the national taxes were applied also to local taxation. From the beginning of the thirteenth to the end of the sixteenth century the basis was usually a rough valuation of movables, but the enumerated articles consisted chiefly (even in boroughs) of farm stock.³

The local taxation for civil purposes was accompanied by an ancient ecclesiastical tax called the church rate. This was assessed and levied parochially by the churchwardens, and was probably collected in the churches at certain of the annual festivals. This tax has been traced back to 1189, but may be older; and it has always been assessed and levied according to custom.⁴ Owing to the unequal and often excessive area of the parishes, the church rate remained for several centuries the only parochial tax.

A tax called the sewers rate, for the protection of districts liable to floods and for kindred purposes, was imposed in certain affected places as early as 1427, and is still levied under the authority of a statute of 1532.⁵ This has been supplemented

¹ Report of Poor Law Commissioners on Local Taxation, 1843, pp. 5-10.

² *Ibid.*, p. 6.

³ Dowell, vol. i, p. 231. Cf. Seligman, *The General Property Tax*, p. 47 *et seq.*

⁴ Report on Local Taxation, 1843, p. 10.

⁵ *Ibid.*, p. 11. See also Report of Select Committee on Local Taxation, 1870, pp. 292 and 296.

by a general sewers tax imposed in 1841, and a land drainage rate imposed in 1861. We learn from Mr. Dowell that paving rates began about 1477;¹ but they appear to have been confined, until modern times, to a few of the larger cities and boroughs. An act passed about eighty years later required the repair of the highways to be made by the parishioners' own labor, or through the gratuitous use of their horses,—a method which remained largely in operation in rural districts until the present century. In 1530 and 1531 the county justices were empowered to levy separate direct taxes for the repair of bridges and the erection of gaols, and to appoint collectors of their own, instead of apportioning the burden among the hundreds and townships. This was a new departure in local taxation, and would appear to have been abandoned in practice later on. But it affords an indication of the growing influence of the county justices, whose autocratic rule henceforth superseded the ancient popular forms of county government.

During the fourteenth, fifteenth and sixteenth centuries the relief of the poor had engaged the attention of the legislature at intervals, but no general taxation for the purpose was considered necessary. We learn from the *Mirroure of Justice* (chapter 1, section 3) that "it was one of the ordinances of Edward I that the poor should be maintained by parsons, rectors of the church, and by the parishioners, so that none of them die for want of sustenance."² In the fifteenth year of Richard II an act was passed providing for the relief of the poor out of the fruits and profits of the living of each parish church;³ and until the dissolution of the religious houses voluntary measures were found a sufficient supplement to the obligations imposed on the clergy. The cessation of the daily doles at the gates of the monasteries was followed by a series of legislative efforts to systematize the giving of weekly alms by the parishioners; but it was ultimately found necessary to levy a rate in every

¹ *Op. cit.*, vol. i, p. 126.

² Castle on Rating, p. 1.

³ *Ibid.*, p. 2.

parish throughout the land, and the act 43 Elizabeth, chapter 2, was passed in 1601 with this object. By this it was enacted that the churchwardens and certain other persons selected annually, called overseers, should

raise, weekly or otherwise (by taxation of every inhabitant, parson, vicar and other, and of every occupier of lands, houses, tithes, coal mines, or salable underwoods in the said parish, in such competent sum or sums of money as they shall think fit) a convenient stock of flax, hemp, wool, thread, iron and other necessary ware and stuff to set the poor on work. And also competent sums of money for and towards the necessary relief of the lame, impotent, old, blind and such others among them being poor and not able to work, and also for the putting out of such children to be apprentices, to be gathered out of the same parish according to the ability of the same parish.

The act also gave power to the justices to raise moneys elsewhere in the same hundred or county to assist a parish not able to support its own poor. No guidance was given to the overseers as to the mode by which the liability of the individual inhabitants should be determined, nor as to the standard by which their "ability" should be measured. This was probably only another way of making applicable the rules and methods already established by usage for raising both national and local taxation. The standards of ability then in use were those known as "lands" and "goods," the assessing authority being at liberty to take that one which would give the highest assessment, but not both.

But these standards were applied in a very loose fashion. The taxpayers were "put up or lowered without any reasons that could be reduced to a rule."¹ Under the Commonwealth an era of somewhat greater strictness and regularity in the assessment of taxes began, and we find for the first time evidence of a more general assessment on the basis of rents, both of lands and buildings, as well as of personal estate.² There is little doubt that this increased precision extended to the assessment of the poor rate and other local taxes, and that

¹ Dowell, vol. ii, p. 5.

² *Ibid.*, vol. iii, p. 73.

it was at this time that the standard of assessment began to crystallize into one of rent or annual value, as it is at present, the assessment of urban householders on this basis being substituted for that in respect of stock-in-trade. Mr. Castle, in his work on *Rating*, says (page 11):

The act of Elizabeth refers to personal as well as to real property ; but either from the difficulty of assessing personal property, or from the still popular principle of throwing all burdens upon land, a custom sprang up in many parishes of not assessing this class of property. All personal property is now declared by statute¹ to be not ratable. With this exception, the act of Elizabeth remains untouched in principle at the present time.

This passage is very misleading. Personal property is not mentioned in the act of Elizabeth, and was never brought *generally* within the scope of its operations by the practice of the poor law officials or the decisions of the judges. It was not, indeed, until 150 years after the passing of the statute of 1601 that the liability of inhabitants to be rated for personal property was agitated in the courts of law.² The later decisions established the liability of inhabitants to assessment for poor rates in respect of such personalty as complied with the conditions of being local, visible and profitable ; which, clearly, was a wholly different thing from taxing personal property in general. The effect of these decisions was that stock-in-trade was for a time rated in the clothing districts of the south and west of England (very greatly to the detriment of those districts) and a few other places ; but throughout the greater part of the country the overseers continued to rate real estate only,³ until the act of 1840 expressly exempted personalty.

As stated by Mr. Castle, the Poor Law of Elizabeth has been singularly little affected by subsequent legislation ; but its administration has been the instrument by which some economic questions of the first order have been practically illustrated on a great scale. Down to 1747, the date of our

¹ 3 and 4 Vict., c. 89 (1840).

² Report on Local Taxation, 1843, p. 21 ; Report on Burdens on Land, 1846, p. 244.

³ Report on Local Taxation, 1843, pp. 21 and 22.

earliest poor-relief statistics, the administration of poor relief appears to have been conducted with prudence and economy. A reference to Table II in the appendix (*infra*, page 109), will show that the average cost, which was then probably not more than 2*s.* per head of the population, afterwards rose rapidly and continuously, until in 1817 it reached 13*s.* 3*d.* per head.¹ Grave abuses, which sprang up and developed with alarming rapidity, had well-nigh pauperized the mass of the English people, when the Poor Law Amendment Act of 1834 stayed the evil. The chief modifications effected by this act were the grouping of the less populous parishes into "unions" of considerable area or population, and the transfer of the business of relief and administration from the parochial overseers to boards of guardians acting for the unions. The most populous single parishes were granted the status and machinery of unions, and treated as such. The liability of each parish in a union for the cost of the maintenance of its own poor was continued until 1865, when the charge was cast on the union as a whole. The poor rates are, however, still levied by the overseers, as of old, and the system of valuation, assessment and levy existing for this purpose will be dealt with in a separate chapter. The subsequent financial progress of the poor rate will be shown in the statistical tables which follow.

The unit of area first adopted for poor-rate assessment purposes was the parish, evidently in continuation of the voluntary forms of taxation, in the church and by the officers of the church, which had previously been in operation for this object. This was the first time the parochial area had been adopted, except for church rates, and the inconveniences arising from the excessive size of the parishes in the north of England soon led to its partial abandonment. By an act of 1662 permission was given for the substitution of the township where found needful, and this area has since been and is still very generally in use in the northern counties. By the same act the constable's tax

¹ Burdens on Land Report, 1846, Appendix no. 24. See also, generally, Report of Poor Law Commissioners, 1834.

was placed under statutory regulation, and the persons and property assessable to it were prescribed as those charged to the poor rate. The importance of this ancient tax gradually declined, and as the purposes for which it was originally levied became obsolete or were otherwise provided for, the tax itself fell into disuse.¹ Of the other ancient local taxes, the hundred rate gradually became merged in the county rate, as the purposes for which it was levied were undertaken by the county authorities or became obsolete ; but the hundred is still liable to be rated for the payment of compensation for damage resulting from riot.² The county rate, on the other hand, has not only been applied to new purposes, but has swallowed up a number of subsidiary rates, imposed upon the inhabitants of the counties between the middle of the sixteenth and the middle of the eighteenth centuries. The act 12 George II, chapter 29, consolidated these in 1739, and directed that the general county rate should be paid by each parish or township in one sum, to be taken out of the poor rate, or raised in like manner thereto.³ This is the present practice. Church rates maintained their independent existence, but with gradually increasing difficulty, until 1868, when the power of enforcing payment was withdrawn by Parliamentary enactment, save in certain cases where loans were secured upon them. As these loans have been nearly all repaid, the remaining church rates have been almost wholly extinguished, and the tax is now virtually a thing of the past.⁴

By an act of 1691 highway rates were for the first time authorized by statute, the tax for the purpose being imposed as an addition to the poor rate. It would seem that notwithstanding this enactment the older practice⁵ commonly prevailed for a century longer ; but in 1773 the county justices were empowered to enforce a more adequate performance of the

¹ Report on Local Taxation, 1843, p. 6 ; Report of Select Committee, 1870, p. 294.

² Report of 1870, pp. 292 and 299.

³ Report of 1843, p. 9 ; Report of 1870, p. 297.

⁴ Report of 1870, p. 296.

⁵ See *ante*, p. 80.

parochial duty of maintaining the highways, and rates for the purpose became more general. Statute labor in lieu of payment of rates was not entirely abandoned until the middle of the present century. Sir John Sinclair estimated the amount of the highway rates in 1803 at £100,000, but by 1817 the amount had risen to £1,415,000.¹ The subsequent progress of this tax may be seen by reference to Table II in the appendix. From 1815 to 1865 the highway rate was levied separately from the poor rate, and it is still so levied to the extent of about one-half of the total sum raised. The remainder is collected with the poor rate.²

The present century has been prolific of new rates, among the number being the militia rate, 1802, burial of the dead rate (bodies cast ashore by the sea), 1808, gaol fees rate, 1815, shire halls rate, 1829, and the lunatic asylums rate, 1829,—all of which were subsidiary to the county rate, and have, in practice, become merged therein. The workhouse building rate, 1834, and survey and valuation rate, 1836, have in like manner become incorporated with the poor rate. The imposition of the borough rate and borough watch rate in 1835 was incident to the reform of the municipal corporations upon a representative basis, after a period of usurpation, abuse and decline dating back to the evil times of the Tudors and Stuarts. The Municipal Corporations Commission of 1835 reported that many corporations possessed revenues from lands, leases of tithes and other property; from tolls of markets and fairs; from duties or tolls imposed on the import and export of goods and merchandize; from quay and anchorage dues, *etc.*; and from fees and fines.³

In several boroughs, rates were levied similar to county rates, but some had no revenues whatever. Owing to the debased character and oligarchical constitution of the municipal corpora-

¹ Goschen's Report on Local Taxation, 1870, pp. 8 and 71. See also Report on Local Taxation, 1843, p. 16, and Lord Monteagle's Draft Report on Burdens on Land, 1846, p. 19, from which it appears that one-third or more of this sum consisted of the estimated value of statute labor. Cf. Table II, *infra*.

² Report of Select Committee, 1870, p. 294.

³ Vine, Municipal Institutions, p. 199.

tions, no new duties were confided to them by Parliament for more than a century prior to the reform of 1835, such public works as were imperatively needed being entrusted to private persons or specially created commissions. Thus in 1684 an enterprising speculator, named Hemming, obtained exclusive authority to light the metropolis at night with lamps ;¹ and the Watching and Lighting Act of 1833 created special authorities for the performance of these elementary municipal duties within the boundaries of the boroughs and elsewhere.² The county police rate, imposed in 1841, is still nominally a distinct rate ; but as it is, like the county rate proper, collected as part of the poor rate, no machinery for its assessment or collection is required.

The progress of the rates referred to in the foregoing historical survey, so far as the figures are known to exist for the years selected, is exhibited in Table II of the appendix.³ That table does not, however, cover the whole field of local finance. About the middle of the eighteenth century the badness of the main roads of England and Wales led to the creation of turnpike trusts, under which the trustees were empowered to levy tolls for the repair, improvement and maintenance of the roads placed in their charge. The system spread rapidly, the turnpike roads were greatly improved and large sums were levied in the form of tolls. In 1840 the sum so raised was £1,659,154,⁴ and in 1843, £1,348,084 ;⁵ but by 1868 the tolls had fallen to £914,492, and in 1890-91, to £2,353.⁶ The introduction of railways so diminished the traffic on many of the roads that rates were required to supplement the tolls ; and the latter have been practically abolished by the expiry and non-renewal of the trusts.

Prior to 1835 municipal corporations levied their revenues under the authority of charters and local acts, but no record

¹ Brodrick, *Local Government* (Cobden Club Essay, 1875), p. 25.

² Report of Select Committee on Local Taxation, 1870, p. 295.

³ *Infra*, p. 109.

⁴ Report on Local Taxation, 1843, p. 17.

⁵ Lord Monteagle's Report on Burdens on Land, p. 20.

⁶ Report on Local Taxation, 1893, pp. 94, 108.

of the amounts so raised was kept for the whole country. There was, indeed, no comprehensive statute requiring the production of annual returns until 1860. Mr. Goschen stated that

previously to 1841, neither receipts nor expenditure are chronicled in respect of any of the following branches of local administration : police ; general sanitary improvement of towns ; lighting, watching and paving ; government of towns ; sewage ; drainage ; and even in the more complete investigations undertaken in 1846, London rates are only entered to the extent of £82,000.¹

He roughly estimated the rates of which no records were kept at £400,000 in 1817, and £600,000 in 1840.²

Table III of the appendix exhibits the extent, or rather the very narrow limits, of the information obtainable by the Poor Law Board in 1843, exclusive of poor, county, highway and church rates. Table IV shows the progress made in 1870. The latter furnishes the earliest view obtainable of the heavy modern taxation for sanitary and improvement purposes, which has so seriously augmented the burdens and indebtedness of urban localities, notwithstanding the relative saving effected under some of the older headings. Items 6, 7 and 8, amounting to over £3,000,000, are almost wholly of this character. The first of a series of acts relating to the public health and cognate matters, involving the levy of rates and the borrowing of money, was passed in 1848, and has been supplemented at short intervals down to the present time. The country has been mapped out into urban and rural sanitary districts, the authorities of which are invested with a multitude of powers and charged with a multiplicity of duties. Their expenditure has rapidly attained very large proportions (as will be seen later), and has, in urban districts, been met by the levy of rates, based upon the poor rate valuation but separately collected. In rural districts the sanitary authority is practically the board of guardians under another name, and the general expenses are met by a simple enlargement of the poor

¹ Report on Local Taxation, 1870, p. 9.

² *Ibid.*, pp. 12, 13.

rate. The expenses incurred for the benefit of sectional areas are met by special sectional rates. In corporate boroughs the sanitary authority is usually the town council or a committee thereof ; but as the greater part of London has no such council, various metropolitan authorities are either temporarily created or invested with temporary powers and duties. Since the creation of the London county council in 1889, a portion of the work has been taken up by that body. Within the small central area known as the City of London, the ancient unreformed corporation still exercises its authority in municipal matters, except as to main drainage, which is in the charge of the London county council. Outside of London and the corporate boroughs, the government of urban areas is entrusted to local boards or improvement commissioners ; except that the police arrangements are left in the hands of the county authorities.

To the foregoing catalogue it is only necessary to add that the provision of cemeteries has, since 1854, been made a matter of civic concern, with the usual result of an additional rate ;¹ and that the creation of school boards under the Elementary Education Act of 1870 has led to the imposition of a local tax of considerable weight in the metropolis and many other places. The rates for both of these purposes are, however, usually collected as additions to other local taxes. Many less important developments of local and municipal activity have been provided for by similar methods or by the simple enlargement of previously existing rates, and need not be enumerated here. The recent growth of the local burdens and the development of the local finances will be further exhibited in the succeeding chapters and in the appendix.

CHAPTER II. *The Existing System.*

We are now in a position to take a survey of the principal features of the system of local finance which exists in England and Wales at the present time. Table V shows that of a total receipt (exclusive of loans) amounting to £51,437,425

¹ Report of Select Committee on Local Taxation, 1870, p. 295.

in the year 1890-91, £27,818,642 represented the yield of the rates, that is, of direct taxes levied in respect of the occupation of real property. Of the remainder £8,627,027 consisted of the revenues from gasworks, waterworks, markets and other undertakings, mostly of a remunerative, or partly remunerative, character; £4,724,340, of tolls, dues, fees, fines, *etc.*; £1,741,217, of rents and other receipts from property (including sales); and £7,181,010, of treasury subventions and allocated taxes paid out of or diverted from the imperial exchequer. Table VI shows the various classes of local authority to whom the expenditure of these sums is entrusted, and the amount expended by each class; and in Table VII we see the same expenditure classified according to the objects to which it is devoted. Finally, the amounts of the loans outstanding on the 25th of March, 1891, and the purposes to which they have been applied, are set out in Table X and complete the edifice. The total local debt on that date was £201,215,458.

Taking these sections in the same order, and reverting to the revenue from rates, an analysis of the total for 1890-91 will be found in Table VIII. It is, however, a matter for regret that neither Mr. Fowler's report nor the annual local-taxation returns furnish an analysis in the form adopted in Table IV, or a modification thereof. Many of the rates set out in Table VIII are "precept" rates; that is, rates levied by one authority in obedience to a periodical demand or precept from another authority. In those rural parishes which are embraced within highway districts the whole of the public rates may be, and often are, collected together under the general head of poor rates. In rural parishes not comprised in highway districts separate highway rates are made and levied by parochial surveyors of highways. In boroughs and other extra-metropolitan urban districts the rates are usually levied under the two main heads of poor rates and general district rates; but the lines of division are not uniform. Expenses which in some places are defrayed out of the proceeds of the poor rates are in other places met

from the general district rates, and in yet other places are the occasion of special rates. In London the division roughly corresponds to that of the boroughs, but there are considerable differences of detail. The vestries and district boards raise the rates needed for most of the sanitary and improvement purposes, and also for the London school board. But the London county council also performs certain sanitary duties and undertakes improvement works, the expenses of which are defrayed out of the moneys raised as poor rates. The county rate, the borough rate, the school-board rate, the burial-board rate, the rural sanitary rate and the rural highway rate in highway districts are usually levied as precept rates.¹ In some cases the precepts are sent direct to the collecting authority, and in others through an intermediate body. Those which ultimately fall to be collected by the parochial overseers are either paid out of or collected with the poor rate,² and are included under that general title in both popular and official terminology. An analysis of the expenditure of the sum raised by the overseers in 1890-91 is given in Table I and shows that of the total of £15,563,794 more than one half was applied to purposes other than the relief of the poor.

By far the most important of the rates collected independently of the poor rate is the general district rate levied by the urban sanitary authorities,³ with which may be included the rates of the metropolitan vestries and district boards and the commissioners of sewers in the City of London. This rate yielded in 1890-91 a revenue of about nine and one-half millions, exclusive of the £1,360,000 levied therewith in London for the London school board. No analysis of the expenditure of this large sum is published in a concise form, but the purposes to which it is applied include (1) street improvements, repair of urban highways, and street watering and cleansing; (2) sewerage and sewage disposal works; (3) public lighting; (4) dust and refuse removal; and (5) mis-

¹ Report of Select Committee on Local Taxation, 1870, pp. 291-300.

² *Ibid.*, p. 297, note to part 2.

³ See *ante*, p. 87.

cellaneous sanitary work. In many places some or all of the following purposes are added: (6) hospitals; (7) water supply; (8) fire brigades; (9) cemeteries; (10) parks and pleasure grounds; (11) bridges and ferries; (12) public libraries and museums; (13) markets and fairs; (14) baths and washhouses; and (15) artisans' and laborers' dwellings.

The remaining rates which are separately levied are the highway rate (except in highway districts);¹ the sewers, drainage and embankment rates, where such exist;² county and other rates, usually raised as precept rates, but separately collected in certain cases owing to the overlapping of areas and boundaries;³ and certain special or peculiar rates levied under the authority of local acts of Parliament.⁴

The methods of valuation, assessment and collection pursued in the levying of rates will be more fully described in the next chapter.

The revenue from waterworks, gasworks, markets and cemeteries⁵ is chiefly in the nature of the price of commodities or privileges sold or let. Against it must be set the expenditure by which this revenue is earned or otherwise obtained before the profit can be ascertained. This can only be imperfectly done by the use of the figures in Table VII, owing to the inclusion of the interest on loans payable in respect of such undertakings and properties under the general heading of "Payments in respect of Principal and Interest of Loans." It may, however, be taken as a fact that gasworks and waterworks are usually profitable undertakings, which yield a surplus revenue available for the relief of the local rates. Markets and cemeteries are much less uniformly sources of profit, the

¹ Report of Select Committee on Local Taxation, 1870, p. 294.

² *Ibid.*, pp. 210, 286, 292 and 296. These rates apply to lands only; see *ante*, p. 79; as to the sewerage of houses, see below, note 4.

³ *Ibid.*, p. 297, note to part 2.

⁴ These latter include public water rates and sewer rates payable by owners in certain towns. Sewer rates of this kind are applied to the sewerage of new houses, which elsewhere is a charge on the individual owners.

⁵ The charges for domestic supplies of water and gas are included under this head. Those for public water supplies and lighting are treated as rates and included under that head.

deficits which result in a large proportion of cases being a charge on the public rates. With the exception of tramways and harbors the other undertakings classed in the same category in Table V are rarely more than partially reproductive.

The revenue from tolls, dues and duties includes market tolls and harbor dues, and a great variety of more or less analogous charges. With a few trifling exceptions there are no longer any taxes of the octroi class in England and Wales, the coal and wine duties in the City of London, which until 1889 formed an important exception, having now entirely ceased to exist. The city authorities still levy a metage duty of three-sixteenths of a penny per hundredweight on all grain brought into the port of London, which yielded a revenue of £18,634 in 1890.

The local revenues from property and investments consist chiefly of ground rents and other rents received by a small number of municipal corporations which are fortunate enough to be the owners of considerable landed estates; of rents of portions of municipal buildings and payments for the use of public halls, *etc.*; and of the interest and dividends on investments for sinking fund purposes.

The local revenues from Treasury subventions and allocated taxes have recently been so largely developed and augmented as to require a somewhat lengthy notice, and they will, therefore, be specially dealt with in a separate chapter.

The outstanding debt of the local authorities of England and Wales on the 25th of March, 1891, amounted to the large sum of £201,215,458. No complete statistics of the local indebtedness were compiled until recent years, and its growth cannot therefore be fully exhibited. In Mr. Fowler's recent report he gives a statement of the debts outstanding in 1868 which he has been able to trace. These amount to £43,813,000, of which no less than £18,899,000 is debited to harbor, pier and dock authorities; but he states that the list is known to be incomplete. The first year for which the official local taxation returns purport to give the amount of the local debt is 1874-75. In that year it is stated to have been £92,820,100. In 1879-80

it had increased to £136,934,070, in 1884-85 to £173,207,968, and in 1890-91 to £201,215,458. The allocation of the loans to their respective purposes has only been accomplished in the returns for 1884-85 and subsequent years, but the figures for 1884-85 and 1890-91 in Table X will repay an attentive study.

Whilst the rapidity of the recent growth and the magnitude of the total of the local debt are, at first sight, somewhat alarming, there are reassuring facts which should also be borne in mind. In the first place, the greater part of the thirty-one and one-half millions owing in respect of harbors, piers, docks and quays is not secured upon the local rates, and is not, therefore, a public liability in the ordinary sense. Then, too, the debt on gasworks, waterworks, markets and cemeteries is usually secured primarily upon the revenues of these undertakings, and is only a charge on the rates to the extent to which those revenues may be found insufficient to meet the payments for principal and interest. As these undertakings are mainly commercial enterprises which were originally in private hands, and were then sources of considerable profit to the owners; and as their acquisition has been, in most cases, deliberately undertaken in the public interest; it is fair to assume that, even in those cases where a charge falls upon the rates, there is a balance of advantage to the community arising out of the greater excellence or the lower price of the supplies or conveniences obtained. In the great majority of cases the public management of gasworks is productive of considerable money profits, which are available partly for the redemption of the undertakings and partly for the relief of the rates. This is less generally, but still very largely, the case also with waterworks and markets; but cemeteries are at present a charge upon the rates in a large proportion of the cases in which they belong to the local authorities. This is chiefly due to the necessity for repaying a portion of the purchase money each year, and the present provision, as a matter of prudence, for enlarged needs in the future, owing to the growth of population and the closing of the churchyards.

It is interesting to learn from Mr. Fowler's report that of the present total local debt £183,915,189 is owing by purely urban authorities, £13,393,410 by authorities partly urban and partly rural, and only £3,906,859 by purely rural authorities. From other detailed figures in that report we are enabled to deduce the fact that the bulk of the debt is, indeed, the outcome of a great development of municipal or other public enterprise in recent years, chiefly in the metropolis and the provincial boroughs. This spirit of enterprise is displayed, in a manner equally significant, both in the commercial undertakings from which profits may be looked for, and in those departments which are a recognition of unremunerative public duties. The total debt is almost equally divided between the two classes, and the portion applicable to the latter class will be seen to fall mainly under the heads of sanitation, education and public improvements. When it is remembered that the present generation is not only paying the interest but also repaying a large part of the principal of these loans, the determination of a self-governing people to incur the cost is an evidence of the development of public spirit in a highly admirable degree.

The aid of the national government in the raising of loans has been more or less available by the local authorities since 1792, when special acts of Parliament were passed authorizing loans by the Treasury for local purposes. In 1817 a body called the Public Works Loans Commissioners was constituted by statute for the regular consideration and grant of applications for loans for local public works of certain specified descriptions, and large sums have been advanced by the Treasury on their advice. But owing to the acceptance of as little as three per cent interest, and of insufficient security in certain cases, considerable losses have been sustained. Since 1876, the rates of interest have been advanced; and in 1887 a local loans stock was created, by which the advances of the government to the local authorities were distinguished from the remainder of the national debt. Up to that time £106,000,000 had, in all, been advanced throughout the United Kingdom; of which £57,200,000 had

been repaid, £11,600,000 remitted as bad debts, and £37,200,000 remained outstanding.¹ The bulk of the existing local debt has been borrowed from private individuals under local acts of Parliament, and in the open market under the Local Loans Act of 1875. The periods formerly allowed for the repayment of local debt were often excessively long, extending in one case to 110 years; but recently a much greater degree of strictness has been exercised by Parliament and the government departments in requiring more rapid repayment of all fresh loans. On the whole, whilst the magnitude of the total local debt and of the sacrifices imposed by it upon the ratepayers is sufficiently serious, there is no ground for alarm. The very large present sacrifice entailed under the system of comparatively rapid repayment is in itself both a salutary check upon extravagance, and a guarantee of solvency which is likely to become increasingly operative as time goes on. The bulk of the present local debt is held at rates of interest ranging from three to three and one-half per cent, and is regarded by lenders as a secure investment.

CHAPTER III. *Rates: Valuation, Assessment and Levy.*

The local rates of all kinds are (with certain exceptions which will be referred to subsequently) charged to the individual ratepayers in the form of taxes, calculated uniformly at so much in the pound on the "ratable value" of the premises or property occupied by them as will raise the required amount. Thus, if £1,000 be required in a given area, and the "ratable value" is £20,000, the rate in the pound will be one shilling, and so on. This ratable value is now copied into the ratebooks from parish valuation lists, prepared by the overseers under the supervision of the union assessment committees of the boards of guardians.²

Prior to the passing of the Parochial Assessments Act of 1836, there was no statutory regulation of valuations, and the

¹ Mr. Goschen's Budget Speech, 1887.

² See *ante*, p. 83.

utmost diversity of practice prevailed. In some cases the valuations were of very old standing, and even if they were originally fair and equal, had long ceased to be so. In most cases gross inequalities existed, and no pretense was made of uniformity of practice in the parishes contributing to a common county rate.¹ Long after 1836, the practice of undervaluation continued to be resorted to by the overseers of parishes in backward districts, and it is not yet eradicated. It has, however, been further checked and minimized by the Union Assessment Committee Act of 1863. The form of valuation list now in use provides for the insertion in two columns of the "gross estimated rental" and "ratable value" of each holding; the former being based on the yearly rent which a tenant would pay who was required to pay also the tithe and the usual tenant's taxes. In those cases where the tenant undertakes to effect the repairs usually falling upon the landlord or any other of the usual landlord's charges, a corresponding addition is required to be made to the amount of his rent in assessing the "gross estimated rental." Where, on the other hand, the landlord contracts to pay the tithe or the usual tenant's taxes, a corresponding deduction is made for assessment purposes. Having thus found the gross estimated rental, the ratable value is arrived at by deducting therefrom such a proportion as will cover the average outgoings for repairs and insurance.

Although the acts of 1836 and 1863 gradually effected a great improvement, the machinery for carrying this scheme into operation still remains inadequate and inefficient, except in the metropolis. In the remainder of England and Wales no statutory provision exists for the obligatory periodic revaluation of the rated properties, and no effectual mode of ascertaining the rents and conditions of tenancy of the individual holdings has been applied to local tax assessments. A further element of confusion is furnished by the absence of uniformity in the scales of deduction for repairs and insurance adopted in the provincial unions. No scale is prescribed by statute (except for the metropolis) and considerable diversity prevails in

¹ Lord Monteagle's Draft Report on Burdens on Land, pp. 17 and 24.

practice. In the metropolis the like unsatisfactory condition of affairs was ended by an act of 1869, under which the national and local valuation proceedings are unified, and a single valuation list governs all assessments in the parish for rates and taxes on real property. A single scale of deductions is also prescribed by the act for all the metropolitan parishes.

The progressive increase of the ratable value in England and Wales is shown in Tables II and XI, the latter of which gives a comparison of these figures with those of the valuations for the national real property tax in certain years.

The proportions of the total annual value of real property borne by the several principal classes thereof, in certain years, are as follows :¹

	1814	1843	1868	1890-91
Lands and tithes . .	69.28	49.10	33.20	19.24
Houses	27.84	41.44	47.27	56.35
Railways	—	2.82	11.11	14.02
Other property . .	2.88	6.64	8.42	10.39

The amounts and proportions of the local rates borne by lands, houses and other properties, in 1817, 1868 and 1891, are as follows ;² the differences in the percentages, when compared with those given above, being due to the relatively greater weight of the local taxation in urban areas than in rural districts :

YEAR.	RATES BORNE BY LANDS AND TITHES.		RATES BORNE BY HOUSES AND OTHER PROPERTIES.	
	AMOUNT.	PERCENTAGE.	AMOUNT.	PERCENTAGE.
	£		£	
1817 . . .	6,730,000	66.66	3,370,000	33.33
1868 . . .	5,500,000	33.33	11,000,000	66.66
1891 . . .	4,260,000	15.31	23,560,000	84.69

¹ From Mr. Fowler's Report on Local Taxation, 1893.

² *Ibid.*

Mr. Fowler, in his recent report, shows that whilst the rate in the pound of all rates in London had risen from 4*s.* 4½*d.* in 1868 to 5*s.* in 1890-91, and correspondingly in other urban districts, the figures of the total rates in rural districts in the same years fell from 2*s.* 7½*d.* to 2*s.* 3*d.*¹ He concludes an exhaustive analysis of the figures of the rural rates with the following observation :

Taking the table as a whole, it greatly strengthens the presumption which arises from the figures previously given, that at no period in the present century, for which statistics are available for the purposes of comparison, has the rate in the pound of the rural rates been as low as it was in 1890 and 1891 in the great majority of the counties of England and Wales ; and that the counties in which the fall in the rate in the pound has been the greatest have, generally speaking, been the agricultural counties.²

It thus appears that whilst the rates as a whole have risen in recent years in London and the other urban districts, in spite of the enlarged aid received from national taxation, there has been, as the result of that aid, a not unsubstantial fall in those levied in rural districts.

It has already been stated that the local rates are assessed upon the basis of the valuation lists prepared by the parochial overseers. This is generally true alike of the rates made and collected by the overseers themselves (comprehended under the general head of poor rates) and of those made and collected by other local authorities. Owing, however, to the lack of uniformity in the preparation of the provincial valuation lists, the county authorities have been empowered to prepare an independent scheme or basis of contribution for the purpose of the county rates in each county, exclusive of the metropolis. The national property tax assessments are utilized for this purpose, and revised quotas or apportionments for the several parishes in each county are fixed at intervals of about seven years. Having determined the parochial quotas, they leave the overseers to levy the individual contributions as a part of, or

¹ Local Taxation Report, 1893, p. 1.

² *Ibid.*, p. 35.

addition to, the poor rates.¹ The meaning of this is that whilst the parish valuation list is held to be a fair basis for the distribution of parochial burdens and of the common charges of the union, it is not accepted as the basis of contribution by the several parishes to the common county charges. No such distinction is drawn in the case of the general district rate and the borough rate, notwithstanding that most of the boroughs comprise several parishes within the municipal area, and that some are situate in more than one union.

An important modification has been introduced into the practice of rating in connection with the Lighting and Watching Act of 1833, and the series of Sanitary and Improvement Acts which commenced in 1848. Watching and lighting rates under the first-mentioned act are chargeable only on one-third of the full rate in the pound when levied in respect of land and tithes. Sanitary rates in urban districts, and those for special sanitary purposes in rural districts, are chargeable in respect of agricultural land, tithes, railways, docks and canals on one-fourth only of the rate in the pound applicable to other properties.² No such concession is made in respect of that part of the municipal taxation of corporate towns which falls under the head of borough rate, although much of the expenditure to which the proceeds are applied is of a similar character. A further modification has been introduced by the creation of the metropolitan common poor fund in 1867. Each of the thirty-two London parishes or districts contributes to this fund in proportion to its ratable value, and receives from the fund in return a grant in aid of certain classes of expenditure, the grant being proportionate to that expenditure. The effect of this arrangement is that the wealthier districts, having a high ratable value and low expenditure, are taxed to assist the poorer districts where the situation is reversed. In the year 1890-91, the total expenditure charged to the fund was £936,479, and twelve districts paid £213,931 more than they received. In other words, the twelve wealthier districts

¹ Report of Select Committee on Local Taxation, 1870, pp. 292 and 297.

² Or on one-fourth of the net annual value at the full rate in the pound.

paid that sum towards the expenses of the remaining twenty. The total amount of the poor rates levied in London in 1890-91 was £4,350,012, of which £2,435,164 was expended in poor relief; and of this latter sum nearly two-fifths were charged to the common poor fund. Having regard to the manner in which the poorer classes are massed together in certain quarters of London, the wealthier classes being chiefly resident at the West End, this appears to be an equitable arrangement. It is idle for the rich and aristocratic parishes of the West End of London to disclaim responsibility for the relief of the poor in the East End, and objections to the arrangement are usually directed to the fact that, whilst London is taxed as a whole for part of the cost, the expenditure is in the hands of the parochial or union guardians and officials. Under certain circumstances this might easily lead to abuse, and would then give rise to a valid objection; but the grants from the common poor fund are so arranged as to minimize the danger of extravagance, and the Local Government Board is empowered to nominate one-fourth of the members of each metropolitan board of guardians as a further guarantee of efficiency and economy.

There can be little doubt that the principle underlying the enactments forming and extending the metropolitan poor fund is destined to have a wider application.

The system in force in England and Wales for assessing and levying local rates is extremely complex and confusing, and proportionally costly, inefficient and vexatious. The defects are the more inexcusable inasmuch as considerable reforms have long since been effected in London and in Scotland and Ireland with good results. It is of the greatest importance that these reforms shall be supplemented and extended, and applied to the whole of the United Kingdom without further delay.

CHAPTER IV. *The Incidence of Rates.*

With few and trifling exceptions in particular localities, all the local rates in England and Wales are payable by the

occupiers of the rated properties.¹ It is true that under the Poor Rate Assessment and Collection Act of 1869 the owners of houses of small value may be rated for the poor rate, instead of the occupiers, but the adoption of this course is a matter of local option and is admittedly without effect on the ultimate incidence of the tax. The tenants of such houses usually prefer an inclusive weekly rent and cheerfully pay the full additional charge in this form when the opportunity is afforded them.

The ultimate incidence of the rates on farm lands is normally upon the landowner. The general truth of the theory that such taxes operate to reduce agricultural rents is so well established as to render unnecessary any fresh argument of the point here. Professor Seligman's recent work on the incidence of taxation is especially full and complete, and his exposition of the laws applicable to this branch of the subject may be accepted as confirming the best scientific English doctrine.² There is, however, a question of fact as to which a word of qualification is necessary. He states (page 100) :

In that large part of England where there are no leases, and where farmers are generally charged with a lower rent than the purely competitive or rack rent, the greater portion of the recent increase in local rates has fallen on the tenant, not the landlord. . . . As a matter of fact the greater portion of the English farmers are not rack-rented.

With regard to this passage it has to be remembered that the recent increase in local rates has been almost wholly in urban areas and has only affected the farmers to a comparatively small extent, if at all. This is exhibited more fully elsewhere in this paper,³ and is only referred to here in

¹ Mr. R. Dudley Baxter drew the attention of Mr. Goschen's committee of 1870 to the historical fact that down to the fifteenth century the occupiers were almost always the actual or virtual owners also, and that the present system of tenancies is of gradual and later growth. Q. 6037 *et seq.* Prof. Thorold Rogers also laid stress on this point in his speech in the House of Commons, March 23, 1886, on local taxation. See Cassell's reprint, p. 6.

² The Shifting and Incidence of Taxation, chap. ii.

³ See *ante*, p. 98.

passing. The question of fact as to which Professor Seligman appears to have been misinformed is that of the character of the bulk of English farm rents. For some years past these have been not merely rack-rents, but something more. The great fall in the prices of agricultural produce has swallowed up the margin between the actual rents and the purely competitive rents (which undoubtedly did formerly exist on many of the larger estates) and has created a margin on the reverse side which has been rapidly eating up the farmers' capital. The action of economic processes has slowly readjusted rents to the level of prices in many cases,—especially in grain-growing districts, where the fall began first to take effect,—but the operation is not yet complete. Landlords and tenants have alike clung to the hope that the fall in prices was only a temporary one; but instead of rising, prices have continued to fall and have now reached the lowest general level of modern times. For these reasons, the fall in actual rents has seldom kept pace with the fall in economic rents, and is still, in many cases, partially or wholly suspended.¹ As the process of readjustment gradually becomes complete the ultimate incidence of rural rates will be much more fully than formerly on the landowner; the old semi-feudal relations between landlord and tenant, which tended to the maintenance of easy rents, having given way under the strain of recent economic and political events. Strictly commercial relations will generally prevail in the future.

The rating of tithes has always been somewhat peculiar. The gross annual income of the property is assessed, subject only to a small deduction in respect of rates and ecclesiastical dues; and the owner is deemed to be also the occupier. The owner is thus made liable for the immediate and direct payment of the rates levied in respect of his property, in addition to those which he may have to pay as the occupier of a house. His position differs from that of the landowner,

¹ These are notorious and accepted facts, but they may be found well stated at greater length in the articles on "The Agricultural Problem," by Mr. W. E. Bear, in the *Economic Journal*, September and December, 1893.

inasmuch as the latter only becomes the bearer of the burden of the rates levied in respect of the holdings of his tenants by the operation of an unseen economic process, which is liable to disturbance and arrest.

Before proceeding to discuss the incidence of urban local taxation it is necessary to state that the curious and probably unintentional exemption of the occupiers of all mines except coal mines, and of all woods except salable underwoods, from liability for poor rates was at length ended by the rating act of 1874.¹ Under this law these subjects, together with fishings and shootings, were brought into the categories of ratable property; and little, if anything, now remains excluded to which the liability for rates could legitimately be extended. The general rule of assessment upon the "annual value" is, in spite of difficulties, applied all round with a uniformity rare in English legislation.

Few questions have been more stubbornly debated in England in recent years than that of the incidence of rates levied in respect of the occupation of houses. The subject has been considered by Mr. Ayrton's committee in 1867, by Mr. Goschen's committee in 1870, by the Irish Local Government and Taxation Committee, 1876-78, and by the Town-Holdings Committee in 1886 and the five following years. The evidence given was in each instance strongly contradictory, and the reports presented were hesitating and inconclusive. But these committees agreed in recommending a division of rates between owners and occupiers, — a proposition which was also endorsed by the House of Commons in 1886.² The experience gained in this controversy serves to show that parliamentary committees are the worst possible instruments for elucidating obscure economic principles and theories.

¹ See *ante*, p. 81.

² The equal division of rates has been approved by Palgrave (*Local Taxation*, 1871, p. 67); Phillips (*Cobden Club Essays*, 1882, p. 499); Goschen (*Draft Report*, 1870, p. 22); Rogers (*Speech*, March 23, 1886); Seligman (*Shifting and Incidence of Taxation*, p. 128); and Bastable (*Economic Journal*, vol. iii, p. 259). It has been opposed by Sargant (*Urban Rating*, 1890); Cox (*Land Nationalization*, p. 97); Beken (*Taxation of Ground Rents*, 1893); and Powell-Williams (*Nineteenth Century*, February, 1893).

The true theory of the incidence of urban rates is based upon the recognition of the primary facts, (1) that houses are necessities of life, and (2) that the rent they will command is governed by the state of the market, as in the case of other commodities. These points are well put by Mr. McNeel-Caird, who says:

Dwelling-houses, on the other hand [*i.e.*, as distinguished from farm lands], are not instruments of production, but necessities of life. Demand and supply, in each locality, determine their rent; but the question of its amount is not embarrassed by any consideration, on the tenant's part, of produce to be raised or profit to be made by their use.¹

It follows from this that the rent and rates fall upon the occupier's income precisely as in the cases of food, clothing, fuel and artificial light; and that the effect, alike of the original quota of rates and of any subsequent increase, upon house-rents is no greater than that produced by the fluctuations in the prices of other necessities of life.² Most of the English writers who have opposed the alteration of the existing system have assumed, without evidence, that the amount which each occupier of a house can pay for rent and rates together is rigidly inelastic; and that any increase of rates, or indeed any rates at all, must necessarily be met by a reduction of rent. This error has utterly vitiated the whole mass of argument advanced by them. There is no such relation between the two things. A general and uniform increase of rates throughout a town would be met (other things remaining as before) in one or more of three ways: the occupiers would lessen either their savings, their expenditure on luxuries or their expenditure on necessities. Houses fall under the latter head, and would possibly be chosen by some as the item in which to effect retrenchment. But the surrender of some part of his customary house accommodation is, for many

¹ Local Government and Taxation (Cobden Club Essays, 1875), p. 155.

² Professor Bastable (*Economic Journal*, No. 10, p. 261) demurs to this statement, but the reason he gives is not convincing. Fact and experience support the view embodied in the text. See next note.

reasons, repugnant to the feelings of the average householder, and would only be resorted to under the strongest pressure, and in a small proportion of cases.¹ The effect on rents would therefore, in the absence of other contributory causes, be inappreciable. The distribution of the burden of the original quota of rates is precisely similar, being, indeed, governed by the same laws. In all those towns where the normal growth of population and degree of prosperity are maintained or exceeded, and the demand for dwelling-houses continues to make the erection of new ones necessary and profitable, the occupiers have no power to shift the burden of the rates, or any part of it, to either house-owner or ground-landlord. Only in the comparatively rare cases of decaying towns and failing demand is the occupier able to shift the burden to the owner ; and his advantage will, even here, be only temporary, unless the decay of the town and decline in the demand keep pace with the decay of the existing houses.²

In a former contribution to the discussion of this subject³ I expressed the opinion that shops, or at least some shops, formed an exception to the rules of incidence applicable to dwelling-houses ; and argued that the laws which governed the case of farm-lands had a partial, if not entire, applicability to shops and other purely business premises. This line of argument was fortified by another, founded upon the monopoly which the owners of the finest city sites possess ; and the two were not kept as distinct as was needful. Professor Seligman has expressed his dissent from the conclusion arrived at, and explains his objection to the monopoly argument.⁴ He partly

¹ A diminution of savings or of the use of luxuries not only involves a smaller sacrifice, but avoids the proclamation of poverty to the world. The latter is also true of retrenchment in food, fuel and other privately consumed necessities of life.

² The only other writer with whose work I am acquainted who has exhaustively investigated this subject and reached a sound conclusion is Professor Seligman, whose *Shifting and Incidence of Taxation* was in progress when my former essay (see next note) appeared.

³ "The Incidence of Urban Rates," *Economic Review*, October, 1891.

⁴ *Shifting and Incidence of Taxation*, p. 121, note. Professor Bastable (*Economic Journal*, vol. iii, p. 263) accepts the monopoly theory advanced by me in the *Economic Review*.

admits the analogy between shops and farms, but expresses the opinion that the shopkeeper will try to meet an increase of rates by charging higher prices for his goods. Fuller consideration, while inducing me to attach less weight to the relative eligibility of different sites, has strengthened my conviction that the case of shops differs largely from that of private dwelling-houses. The ability of the shopkeeper to add the increase of his rates to the prices of his goods must depend upon his freedom from the competition of traders not equally subject to the increased expense, such as, for instance, shopkeepers and merchants in other towns or abroad, and hawkers. The barriers which protect the shopkeeper from the invasion of his market from a distance are more and more giving way, owing to the increasing facilities for communication of every kind; and he will soon be little better off in this respect than the farmer. When the shopkeeper cannot shift the expense to his customers, it would appear that it must fall ultimately upon the ground-owner. The proportion borne in either manner is not precisely ascertainable, but the greater part would seem to go into the latter scale. It must, of course, be understood that if the result of an increase of rates should be to reduce shop rents, the loss would fall upon the owner of the building during the currency of his lease. It is only in those cases where the latter is also the owner of the ground-plot that the burden would fall upon the ground-landlord immediately. The case of dwelling-houses in decaying towns would be subject to the like reservation.

From the foregoing survey of the incidence of local taxation in England and Wales we reach the following conclusions:

(1) The rates levied in respect of the occupation of farm-lands, tithes, woodlands, mines and quarries, are, in normal circumstances and in their final result, a charge on the ownership of the property; but owing to the system of collecting the rates from the occupiers, the economic process by which the tax ordinarily reaches its destination is liable to be arrested or disturbed, and the tax will then remain wholly or partly a burden on the occupiers.

(2) In the case of dwelling-houses the rates remain where they are first placed, and are in reality an income tax on the occupiers.

(3) Shops and other business premises apparently occupy an intermediate position, but with a tendency to approximate to the position of farm-lands, mines and quarries. The rates must fall upon the freeholder in the long run, unless the shop-keeper or other occupier can add to the prices of his goods a sum sufficient to clear the expense. His ability to do this will partly depend upon the amount of the rates in neighboring towns and elsewhere, and partly upon his possessing a local market not liable to invasion from a distance.

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[Concluded in the following number.]

APPENDIX.

PART I. — ENGLAND AND WALES.

TABLE I.

ANALYSIS OF EXPENDITURE OUT OF POOR RATES AND RECEIPTS
IN AID THEREOF, 1890-91.

(From Local Taxation Returns, 1890-91.)

RELIEF OF THE POOR —

In-maintenance	£1,951,486
Out-relief	2,400,089
Maintenance of pauper lunatics	1,284,656
Loans repaid, and interest thereon	620,761
Salaries, pensions and rations of officers	1,452,810
Other expenses	933,516

Total, as per column 2, Table II, £8,643,318

Payments for county, borough or police rates, as per column 3, Table II,	6,171,171
Payments for highway purposes, being part of sum shown in column 5, Table II,	720,246

OTHER PAYMENTS —

To burial boards	£121,191
“ rural sanitary authorities for sanitary purposes	165,026
“ school boards and school attendance com- mittees	896,964
“ commissioners of baths and wash-houses	31,034
“ free library commissioners	30,759
“ conservators of commons	177
Cost of legal proceedings	44,035
Valuation and assessment expenses	101,768
Salaries and pensions of parochial officers, and other expenses	614,753
Registration (births, deaths, <i>etc.</i>)	94,693
Registration (voters) and jury lists	200,506
Vaccination	84,295
School fees of non-pauper children	33,089
Other expenses	32,250

Total, as per column 4, Table II, 2,450,540

Total expenditure £17,985,275

TABLE II.
GENERAL VIEW OF CERTAIN BRANCHES OF LOCAL TAXATION FROM 1747 TO 1890.
(Compiled chiefly from the reports of the Poor Law Board and Local Government Board.)

YEAR ENDED MARCH 25-	NET COST OF POOR RELIEF. £	PAID TO BOROUGH, COUNTY AND POLICE RATES OUT OF POOR RATES. £	OTHER PAYMENTS OUT OF POOR RATES, EXCEPT TO HIGHWAY RATES. £	HIGHWAY RATES LEVIED. £	CHURCH RATES LEVIED. £	POPULATION.	RATABLE VALUE. £
(3 years' average.) 1747-50 1775-76 (3 years' average.) 1782-85	689,971 1,530,800 2,004,239	Not ascertained.	Not ascertained.	Not recorded prior to 1811. (3 years' average, 1811-13.) *1,407,200 1,415,000 1,121,000 No record.	Not recorded prior to 1826-27. No census 1801. 9,234,649 10,649,743 11,555,054 13,247,277 14,955,000	(Property tax valuation, 1803.) 34,864,145 (Property tax valuation, 1813.) 53,495,375	Not recorded prior to 1840-41.
1802-03 1812-13 1817-18 1826-27 1836-37	4,077,891 6,656,106 7,870,801 6,441,088 4,044,741	Not ascertained.	Not ascertained.	1,169,891 1,663,000 (1849) 1,416,000 (1862)	506,812 400,000 234,000 23,186 11,996	(Ratable value, 1840-41.) 62,540,030 67,700,153 (1849-50) 71,840,271 (1855-56) 107,398,242 135,645,473 152,116,008	
1839-40 1850-51 1860-61 1870-71 1880-81 1890-91	4,576,965 4,962,704 5,778,943 7,886,724 8,102,136 8,643,318	855,552 1,392,509 1,925,210 2,708,840 3,588,368 6,171,171	634,909 564,194 601,059 848,331 1,807,595 12,450,540	1,169,891 1,663,000 (1849) 1,416,000 (1862)	506,812 400,000 234,000 23,186 11,996 5,723		

* Inclusive of estimated value of statute labor, £535,000. (See note 1, page 85.)

† Including rents of estates. See Lord Montague's Draft Report on Burdens on Land, 1846, p. 26, in which the gross amounts for 1831 and 1838-39 are given as £446,247 and £203,103, respectively. The figures in this column for 1839, 1850 and 1860 are taken from Mr. Goschen's Report on Local Taxation, 1870, p. 71.

‡ See Table I. The highway rates in the above table are, in the later years, exclusive of urban areas, for which no separate highway rates are levied. For total highway and street expenditure see Table VII.

TABLE III.

Being a copy of that given by the Poor Law Commissioners in their report of 1843 on local taxation, and showing the nature and amounts of the local taxes at that date, so far as they could be ascertained, exclusive of poor rates, county rates, highway rates and church rates, for which see Table II.

The revenue of the municipal corporations, remodeled under the 5 and 6 Wm. IV., c. 76, consisting of

Rates and other receipts in 1840-41, was	*£989,740
City of London revenue for 1841	188,521
Turnpike trusts, expenditure in 1840	1,659,154
Light dues in England and Wales in 1832	162,717
Fees in the local administration of justice :	
To clerks of justices, average of 1830 to 1834	57,668
To other officers in other local courts	unknown
Total	<u>£3,057,800</u>

TABLE IV.

Being a copy of House of Commons Return, No. 430, year 1870, showing the direct local taxation levied in England and Wales in the year ended March 25, 1868.

1. Amount levied for poor relief	£7,825,592
2. County, hundred, borough and police rates :	
(a) Contributed from poor rate	£2,462,922
(b) Levied separately	493,285
	<u>2,956,207</u>
3. Highway rate :	
(a) Contributed from poor rate	621,436
(b) Levied separately	916,779
	<u>1,538,215</u>
4. Church rates	217,482
5. Lighting and watching rate (exc. Metropolis)	79,393
6. Improvement commissioners (exc. Metropolis)	410,105
7. General district rates (exc. Metropolis)	1,683,702
8. General and lighting rates in the Metropolis	981,140
9. Rates under courts or commissioners of sewers (including drainage and embankment rates)	714,734
10. Rates of other kinds :	
(a) Contributed from poor rate	152,076
(b) Levied separately	224,574
	<u>376,650</u>
Total	<u>£16,783,220</u>

* So far as this consists of rates it is embraced in column 3, Table II.

TABLE V.
RECEIPTS (EXCLUSIVE OF LOANS) IN ENGLAND AND WALES.
(From Local Taxation Returns, 1890-91.)

	1886-87.	1887-88.	1888-89.	1889-90.	1890-91.
Public rates	£26,637,017	£27,194,836	£27,420,223	£27,713,409	£27,818,642
Treasury subventions and payments	3,975,896	4,268,222	4,790,860	* 2,194,838	* 1,696,340
From Local Government Board out of the local taxation account	—	—	—	† 4,327,441	† 5,484,670
Tolls, dues and duties †	3,554,860	3,545,142	3,718,381	3,642,423	3,473,876
Receipts from real and funded property (excluding sales)	1,246,001	1,281,433	1,400,148	1,379,823	1,436,113
Sales of property	548,181	390,394	578,746	513,001	303,104
Fees, fines, penalties and licenses §	1,076,103	1,105,439	1,170,984	1,173,348	1,250,464
Revenue from water works	2,171,558	2,267,932	2,400,407	2,515,217	2,668,928
Revenue from gas works	3,355,383	3,495,436	3,677,929	3,867,416	4,227,021
Revenue from markets, cemeteries and burial grounds, sewage farms and works, baths, washhouses and open bathing-places, libraries and museums, fire brigades, lunatic asylums, hospitals, tramways, slaughter-houses, and harbors, piers or docks 	808,118	851,846	858,838	950,500	1,001,384
Repayments in respect of private improvement works	775,106	792,101	737,414	773,438	789,604
Other receipts	1,183,769	1,165,384	1,221,775	1,187,008	1,345,189
Totals	£45,330,992	£46,338,165	£47,975,705	£50,237,862	£51,437,425

* Including grants in aid of the cost of elementary and industrial schools, and the London fire brigade; and other payments out of imperial funds for police, the conveyance and maintenance of prisoners, *etc.*; also including in the year 1889-90 balances of grants discontinued under the provisions of the Local Government Act, 1888, and of the temporary grants provided for by that act.

† Including £3,742,615 in 1886-90, and £4,743,989 in 1890-91 received by the councils of counties and county boroughs, and £584,826 in 1889-90, and £740,681 in 1890-91 received by the receiver for the Metropolitan police district. The amount paid to the councils includes the amounts distributed, or to be distributed, by them to other local authorities under the provisions of the Local Government Act, 1888, in substitution for the discontinued Parliamentary grants, and otherwise.

‡ Including market rents and stallages, and harbor tolls, dues and duties.

§ Including £889,404 in 1886-87, £648,502 in 1887-88, £648,502 in 1888-89, £659,669 in 1889-90, and £684,427 in 1890-91 from school fees, and sale of books, *etc.*, to children.

|| Excluding receipts entered under the heads of rates, tolls, dues, *etc.*

TABLE VI.

RECEIPTS AND EXPENDITURE, 1868 AND 1890-91, IN ENGLAND AND WALES.
(Condensed from Mr. Fowler's Report on Local Taxation, 1893.)

LOCAL AUTHORITIES.	1868.		1890-91.			
	Receipts including Loans.	Expenditure including that out of Loans.	Receipts other than from Loans.	Receipts Loans.	Expenditure not Defrayed out of Loans.	Expenditure including that out of Loans.
Poor law authorities	£9,069,754	£8,977,504	£7,975,102	£8,340,233	£9,893,941	£10,233,044
Burial boards	208,586	209,365	449,256	538,519	428,840	513,844
London county council, Metropolitan vestries and district boards, commissioners of police of the Metropolis, corporation of London, and commissioners of sewers of the City of London	6,179,594	6,008,648	7,592,797	7,961,676	6,309,108	7,292,322
Visiting committees of pauper lunatic asylums	—	—	86,996	86,996	288,857	288,857
Churchwardens (church rate)	301,740	305,525	5724	5724	5666	5666
School boards	—	—	5,140,144	5,980,728	5,195,553	6,003,672
Municipal corporations, borough and other urban and port sanitary authorities and joint boards (exc. Metropolis)	6,779,500	7,016,983	19,697,897	23,503,597	19,358,279	23,656,212
Highway authorities	1,484,169	1,476,183	1,353,276	1,355,476	1,326,196	1,329,801
Harbor, pier and dock authorities	1,945,895	2,071,796	2,708,664	3,109,327	2,659,321	3,000,867
County authorities (exc. Metropolis)	2,292,948	2,319,348	5,146,821	5,256,281	3,967,547	4,054,666
Commissioners of sewers and drainage, embankment and conservancy boards	245,357	205,266	547,517	593,657	544,520	554,399
Salmon fishery conservancy boards, and sea fishery committees	—	—	13,264	13,264	13,850	13,850
Turnpike trustees, and county road boards, South Wales	1,023,563	1,059,073	3,052	3,052	4138	4138
Rural Sanitary authorities	—	—	491,526	656,095	510,661	680,426
Miscellaneous	280,903	278,512	105,389	254,789	156,261	225,373
Totals	£29,811,919	£29,928,203	£51,437,425	£57,659,414	£59,662,678	£57,857,077

TABLE VII.

CLASSIFICATION OF EXPENDITURE NOT DEFRAID OUT OF LOANS.

(From Local Taxation Returns, 1890-91.)

	1886-87.	1888-89.	1890-91.
Relief of the poor (including salaries, but excluding maintenance of pauper lunatics)	£6,450,302	£6,599,222	£6,737,901
Pauper lunatics and lunatic asylums	1,433,799	1,493,265	1,632,780
Police	3,767,033	3,892,949	4,145,575
Prosecutions, and conveyance and maintenance of prisoners	214,614	215,465	208,006
Education (including expenses of school boards, school attendance committees, reformatories and industrial schools)	3,635,938	3,863,438	4,305,286
Highways, street improvements and turnpike roads	5,502,107	5,681,607	6,162,189
Gas works	2,477,650	2,627,416	3,263,974
Public lighting	893,530	909,200	973,212
Water works	798,781	864,614	969,277
Sewerage and sewage disposal works	999,731	879,848	1,067,364
Markets and fairs	264,957	294,027	282,724
Cemeteries and burial grounds	242,328	243,650	268,870
Fire brigades	195,079	206,162	229,997
Public buildings, offices, <i>etc.</i> (not included under other headings)	153,201	208,428	213,666
Parks, pleasure grounds, commons and open spaces	167,075	207,760	272,911
Public libraries and museums	140,016	179,658	220,479
Baths, wash houses and open bathing-places	123,384	130,230	155,530
Bridges and ferries	171,653	379,844	199,278
Artisans' and laborers' dwellings improvements	51,415	23,955	18,158
Contagious diseases (animals) acts	98,920	142,517	125,491
Hospitals	98,721	163,924	187,677
Harbors, piers, docks and quays	1,065,765	1,111,413	1,429,249
Slaughter houses	12,576	14,680	14,844
Land drainage, embankment and river conservancy	257,279	235,797	252,818
Tramways	22,761	29,096	38,570
Other public works and purposes	2,237,104	2,332,151	2,607,453
Private improvement works	573,806	536,261	580,960
Payments in respect of principal and interest of loans (including payments to sinking funds)*	10,515,645	11,163,803	11,393,715
Salaries and superannuation allowances†	1,458,385	1,527,575	1,627,849
Establishment charges†	432,876	441,840	484,994
Legal and Parliamentary expenses†	99,987	119,143	195,658
Other expenditure	366,397	363,190	396,223
Totals	£44,922,815	£47,082,128	£50,662,678

* Under this heading are included the payments on account of the principal and interest of the loans raised for all the specific purposes mentioned in the table.

† Only a portion of the salaries of the officers, establishment charges, and legal and Parliamentary expenses of the local authorities is included under these headings. In many cases the expenditure of the local authority for these purposes in connection with some particular undertaking or purpose is included in the expenditure on that undertaking or purpose.

TABLE VIII.

RECEIPTS FROM PUBLIC RATES IN ENGLAND AND WALES.
(Condensed from Mr. Fowler's Report on Local Taxation, 1893.)

LOCAL AUTHORITIES.	RECEIPTS FROM RATES.			
	1868.	1873-74.	1880-81.	1891.
Poor law authorities	£7,839,966	£7,901,444	£7,969,845	£7,474,099
Burial boards	90,407	134,104	130,229	178,030
London county council, Metropolitan vestries and district boards, commissioners of police of the Metropolis, corporation of London, and commissioners of sewers of the City of London	2,315,210	2,449,342	3,108,184	4,738,310
Churchwardens (church rate)	230,707	15,170	11,996	5,723
School boards	—	251,906	1,562,385	2,967,421
Highway authorities	1,427,940	1,514,758	1,674,848	1,322,091
Municipal corporations, borough and other urban sanitary authorities, and joint boards (exc. Metropolis)	3,008,184	4,617,763	6,281,723	8,597,814
County authorities (exc. Metropolis)	1,295,621	1,573,871	1,587,953	1,677,791
Commissioners of sewers	42,871	48,724	57,817	47,559
Drainage, embankment and conservancy boards	176,138	196,062	202,380	244,894
Rural sanitary authorities	—	174,286	220,651	411,971
Miscellaneous	79,393	27,807	39,779	152,939
Totals	£16,593,437	£18,906,137	£22,907,790	£27,818,642
SUMMARY.				
Purely urban	£6,730,000	£8,769,000	£12,225,000	£17,513,000
Partly urban and partly rural	8,337,000	8,420,000	8,748,000	8,196,000
Purely rural	1,415,000	1,716,000	1,933,000	2,108,000

TABLE IX.
SHOWING THE AMOUNTS VOTED IN RELIEF OF LOCAL TAXATION FROM NATIONAL REVENUES.
(Compiled from Mr. Fowler's Report on Local Taxation, 1893.)
Parliamentary Grants in Aid of Local Rates.

GRANT IN AID OF	When First Voted.	1867-68.	1873-74.	1887-88.	1891-92.
Teachers in poor law schools	1846	£34,500	£36,098	£36,825	—
Poor law medical officers	1846	104,500	125,602	149,506	—
Police, counties and boroughs	1856	225,000	297,459	864,083	—
Metropolitan police	1833	164,848	229,990	575,141	—
Criminal prosecutions	1835	150,000	138,466	133,732	£4,300
County and borough prisons, and Removal of convicts	1846	} * 109,000	95,870	—	—
Metropolitan fire brigade	1835		10,000	10,000	10,000
Berwick bridge	1865-66	10,000	90	90	90
Industrial schools (local authorities)	1831	90	8,172	32,212	38,800
Elementary education (school boards) :	1876	3,574	—	—	—
Fee grant	1891	—	—	—	329,285
Annual grants for day and evening scholars	1870	—	76,734	1,255,938	1,508,427
School boards in poor districts	1870	—	208	7,167	8,395
Medical officers of health and inspectors of nuisances	1873-74	—	14,727	73,910	—
Pauper lunatics	1874	—	—	485,169	—
Registration of births and deaths	1875	—	—	9,500	—
Disturbed and main roads	1882	—	—	498,797	—
Totals	—	£801,512	£1,033,416	£4,132,070	£1,899,297

* This amount includes estimated expenditure in respect of Scotland.

TABLE IX — *Continued.*
Local Charges transferred to, and other Charges of a Local Nature borne by, Annual Votes of Parliament.

CHARGE IN RESPECT OF	When First Voted.	1867-68.	1873-74.	1887-88.	1891-92.
District auditors	1846	£17,900	£18,261	£15,246	£14,069
Clerks of assize	1852	18,500	20,124	19,602	19,602
Compensation to clerks of the peace, <i>etc.</i>	1855	* 6,400	* 5,348	* 1,806	17,975
Central criminal court	1846	—	4,065	5,181	198
Middlesex sessions	1859-60	—	956	819	—
Public vaccinators	1867	6,000	8,795	16,468	1,454
Elementary education (voluntary schools):					
Fee grant	1891	—	—	—	—
Annual grants for day and evening scholars	1854	443,345	973,526	1,927,285	493,155
Reformatory schools	1854-55	† 99,426	70,160	66,920	2,089,473
Industrial schools (other than those of local authorities) . .	1856-57	† 27,000	79,833	103,667	62,305
Rates on government property	1859	—	† 33,799	182,459	109,026
County and borough prisons, and removal of convicts § . . .	See above, transferred 1877	—	—	398,683	192,344
Pleuro-pneumonia	1890	—	—	—	398,047
Totals	—	£618,571	£1,214,867	£2,738,136	140,000
Total parliamentary subventions	—	£1,420,183	£2,248,283	£6,870,206	£3,518,106
Probate duty and licenses	—	—	—	—	£5,417,403
Customs and excise duties	—	—	—	—	5,313,278
Total relief of local taxation from national revenues	—	£1,420,183	£2,248,283	£6,870,206	1,115,801
					£11,846,482

* These amounts include payments to Irish officers. † This includes payments in respect of Scotland. ‡ These amounts include payments in respect of Scotland.
§ The control and cost of the prisons of Great Britain were taken over by the central government in 1877.

TABLE X.

LOCAL LOANS — ENGLAND AND WALES.

(From Mr. Fowler's Report on Local Taxation, 1893.)

Amounts and Purposes of Outstanding Loans of Local Authorities in 1884-85 and 1890-91.

	1884-85.	1890-91.
Poor law purposes *	£6,361,180	£7,056,166
Lunatic asylums	3,326,396	3,686,662
Police stations, gaols and lock-up houses . .	720,737	1,122,548
Schools (including reformatories and industrial schools)	14,876,928	18,616,269
Highways, street improvements and turnpike roads	26,945,772	28,275,890
Electric lighting and supply	—	56,942
Water works	30,326,906	38,325,912
Gas works	13,768,690	14,991,197
Sewerage and sewage disposal works . . .	16,569,353	19,969,077
Markets	5,004,400	5,380,982
Cemeteries and burial grounds	2,368,638	2,492,185
Fire brigades	308,508	489,741
Public buildings, offices, <i>etc.</i> (not included under other headings)	3,751,055	4,315,707
Parks, pleasure grounds, commons and open spaces	2,441,108	3,992,137
Public libraries, museums and schools of science and art	374,887	489,693
Baths, washhouses and open bathing-places .	561,649	950,308
Bridges and ferries	3,112,592	4,053,596
Artisans' and laborers' dwellings improvements	3,532,383	3,814,035
Cattle Diseases Prevention Act, 1866 . . .	139,367	76,239
Hospitals	336,184	669,234
Harbors, piers, docks and quays	28,537,809	31,466,462
Land drainage and embankment, river conservancy and sea defenses	2,158,452	3,147,417
Tramways	1,167,605	1,317,555
Private improvement works	890,019	940,969
Loans charged on church rates	18,645	6,100
Allotments	—	14,164
Public lighting	28,576	46,095
Slaughter houses	60,325	121,631
Other purposes	5,519,804	5,330,545
Total	£173,207,968	£201,215,458

* Including the asylums for imbeciles provided by the managers of the Metropolitan asylums district, loans for which are excluded from the amounts entered under the heading of "lunatic asylums."

TABLE XI.

COMPARISON OF THE VALUATION OF THE PROPERTIES ASSESSED FOR CROWN PURPOSES WITH THAT OF THE SAME PROPERTIES ASSESSED FOR LOCAL PURPOSES.*

(From Report of Local Government Board, 1891-92.)

YEAR.	THE METROPOLIS.		THE REST OF ENGLAND.	
	(1) Gross Value in Income Tax Assessment under Schedule A.	(2) Valuation under Valuation (Metropolis) Act.	(3) Gross Value in Income Tax Assessment under Schedule A.	(4) Valuation by Assessment Committees.
1874-75	£24,192,112	{ £24,145,246 19,884,462	£107,689,995	{ £97,812,540 84,049,290
1879-80	28,444,287	{ 28,423,199 23,353,813	123,107,104	{ 111,355,633 95,390,307
1884-85	32,895,336	{ 32,895,317 27,128,614	127,047,097	{ 118,025,110 100,982,696
1889-90	35,122,308	{ 35,122,308 28,940,869	128,210,887	{ 120,499,028 102,004,910
1890-91	35,533,116	{ 35,533,116 29,268,945	129,175,384	{ 122,157,606 103,377,558

* In 1889-90 the gross estimated rental of property in England and Wales rated, but not assessed under Schedule A, was £27,301,566. The ratable value of this property was £21,931,257.

NOTE.—In columns (2) and (4) the first of the bracketed figures against each year represent the "Gross Estimated Rental" and the second the "Ratable Value."

These figures show that the valuation of property in respect of income tax under Schedule A is now the same as the gross estimated rental shown by the poor rate valuation in the Metropolis, but that, as regards the rest of England, the crown valuation is still largely in excess of the poor rate valuation. In 1890-91 the gross value in the income tax assessment for England and Wales, excluding the Metropolis, exceeded the gross estimated rental for the purposes of the poor rate by 5.7 per cent, whilst in the Metropolis the assessment and the rental were precisely the same in amount.